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Letter Ruling 77-19: Limited Partnership and Corporate Trust, Distinguished; Non-Resident Corporate Partners

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November 16, 1977

In your letter of September 30, 1977, hereby incorporated by reference, you request certain rulings with respect to the above-named Fund.

The Fund will be a limited partnership organized under the California Uniform Limited Partnership Act. It will operate as an open-end diversified management investment company and will be registered as such with the Securities and Exchange Commission under the Investment Company Act of 1940. The principal offices will be at ***** Boston, Massachusetts ***** and at ***** California.

The Internal Revenue Service has ruled that the Fund will be classified as a partnership and not as a corporation for Federal income tax purposes.

The Fund will be a limited partnership with four (4) General Partners. Three of the General Partners will be individuals; the other General Partner will be a corporation.

The objective of the Fund will be to seek for the holders of its shares of partnership interest ("Shares") interest income which is exempt from federal taxation. Shares will be publicly offered to investors for cash. A Registration Statement relating to the Shares will be filed with the S.E.C. under the Securities Act of 1933.

Under the Certificate and Agreement of Limited Partnership (the "Agreement") the General Partners are divided into two classes: Director General Partner and an Advisor General Partner. Only individuals may act as Director General Partners, and all individual General Partners act as Director General Partners. The Advisor General Partner has no power to engage in the management, conduct or operation of the Fund's business nor to exercise any of the rights, powers and authority of a partner of a partnership without limited partners under the Uniform Partnership Act of the State of California. However, the Advisor General Partner is charged with responsibility (i) for managing the investment and reinvestment of the Fund's assets and administering its affairs, subject to the supervision of the Director General Partners, and (ii) for determining what firms will be employed to effect portfolio security transactions for the Fund's account.

Shares of the Fund may be purchased through investment dealers. A purchaser of Shares has no right to receive distributions with respect to the Shares until such purchaser has executed and returned a partnership authorization containing a power of attorney in acceptable form. A purchaser shall then become a Limited Partner upon the filing of an appropriate amendment to the Certificate and Agreement of Limited Partnership.

Section IV(b) of the Agreement provides that shares held by the General Partners may not be assigned except, with the consent of the Director General Partners, to other General Partners.

Section VIII(b) and (c) of the Agreement set forth the relevant rules with respect to assignments of Shares by Limited Partners and substitution of assignees as Limited Partners. In essence, they provide that a Limited Partner may assign all or any portion of the Shares representing his interest in the Fund. An assignee may receive distributions with respect to such Shares upon furnishing a signed partnership authorization, including a power of attorney. However, an assignee may be substituted as a Limited Partner only if, in addition, the General Partners consent to such substitution, which consent may be evidenced by the filing of an amendment to the Agreement.

Based on the foregoing it is ruled:

(1) The Fund will not be a corporate trust but rather a partnership which pursuant to the provisions of M.G.L. c. 62, s. 17, is not subject to income taxation in Massachusetts.

(2) The activities of the Fund, as set forth in its Prospectus, constitute engaging exclusively in buying, selling, dealing in or holding securities on its own behalf and not as a broker, and thus, pursuant to M.G.L. c. 62, s. 17(b), non-resident partners and assignees of Shares of the Fund are not subject to income taxation in Massachusetts on their distributive shares of the income received or earned by the Fund, provided that the Fund continues to engage exclusively in such activities.

(3) A non-resident corporate partner of the Fund which is not engaged in business in Massachusetts will not be subject to Massachusetts corporation excise or income tax on its distributive share of Fund income and gains.

Very truly yours,

/s/Owen L. Clarke

Owen L. Clarke
Commissioner of Corporations
and Taxation

LR 77-19